

Message Text

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PAGE 01 GENEVA 05281 071821Z
ACTION EB-08

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USMTN

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TAGS: MTN, ETRD
SUBJECT: MEETING OF SUBGROUP DAIRY

REF: A) GENEVA 03551, B) GENEVA 03553

1. IN VIEW OF THE AGRICULTURAL BILATERALS NOW IN PROGRESS
THE MEETING OF THE SUBGROUP DAIRY, ORIGINALLY SCHEDULED
FOR APRIL 17, HAS BEEN POSTPONED TO APRIL 24.

2. MEANWHILE THE SECRETARIAT ISSUED THE THIRD REVISION
OF THE PROPOSED "COMPREHENSIVE ARRANGEMENT REGARDING
THE DAIRY PRODUCTS SECTOR" (MTN/DP/W/27/REV. 3). THIS
DOCUMENT WHICH NOW HAS 46 PAGES WILL BE HANDCARRIED TO
WASHINGTON AT THE FIRST POSSIBLE OCCASION.

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PAGE 02 GENEVA 05281 071821Z

3. IT WILL BE RECALLED THAT IN THE LAST MEETING OF THE
SUBGROUP THE DISCUSSION CENTERED IN PART ON CERTAIN
TECHNICAL ASPECTS OF BUTTER MILK AND SKIM MILK POWDER
AS WELL AS ON ADJUSTMENTS IN THE MINIMUM PRICES ACCORDING
TO THE VARYING NATURE OF PHYSICAL CHARACTERISTICS OF THE
PRODUCTS. (ARTICLE I, II, AND PARAGRAPH 1, 4, AND 7 OF
ARTICLE III OF ANNEX I AND ARTICLES I, II AND PARAGRAPHS

1, 4, AND 6 OF ARTICLE III OF ANNEX II. THIS DISCUSSION IS TO CONTINUE IN THE PRESENCE OF EXPERTS AT THE FORTH-COMING MEETING.

4. THE NEW PAPER IS IN MANY RESPECTS DIFFERENT FROM THE PRECEDING EDITION (REVISION 2). THE TITLE CARRIES IN BRACKETS THE WORDS "BASIS FOR NEGOTIATION" NEXT TO THE WORDS "WORKING HYPOTHESIS". ARTICLE IV (CONSULTATION, COOPERATION) HAS BEEN REPLACED BY A CONSIDERABLY EXPANDED ARTICLE IV ENTITLED "FUNCTIONS OF THE INTERNATIONAL DAIRY PRODUCTS COUNCIL AND COOPERATION BETWEEN THE PARTICIPANTS OF THIS ARRANGEMENT". THIS ARTICLE CONTAINS NOW A DISPUTE SETTLEMENT PROCEDURE WHICH WOULD BE FOLLOWED IN CASE ONE OF THE PARTICIPANTS HAS A GRIEVANCE WITH RESPECT TO ANY MATTER AFFECTING THIS ARRANGEMENT. APPARENTLY THESE PROVISIONS WOULD TAKE THE PLACE OF GATT ARTICLE XXII. IN CASE THESE PROCEDURES WERE TO PROVE UNPRODUCTIVE RECOURSE WOULD BE POSSIBLE TO NORMAL GATT DISPUTE SETTLEMENT PROCEDURES.

5. THERE IS ALSO A NEW SECTION DEALING WITH THE SUPPLY OF DAIRY PRODUCTS ON SPECIAL CONDITIONS. WHILE IT RECOGNIZES THAT TRANSACTIONS WHICH ARE NOT NORMAL COMMERCIAL TRANSACTIONS SHALL BE EFFECTED IN ACCORDANCE WITH THE FAO PRINCIPLES OF SURPLUS DISPOSAL, THE DAIRY PRODUCTS COUNCIL IS SUPPOSED TO EXERCISE CONTINUED LIMITED OFFICIAL USE

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PAGE 03 GENEVA 05281 071821Z

SURVEILLANCE OVER SUCH TRANSACTIONS SO AS TO ENSURE THAT THEY ARE IN ACCORDANCE WITH THE AFORE MENTIONED FAO PRINCIPLES.

6. THE SECTION CONCERNING CONCERTED DISCIPLINES ON CHEESES (ANNEX III - PROTOCOL REGARDING CHEESE) INCLUDES A NEW APPARENTLY EXPLANATORY SENTENCE WHICH STATES THAT CONCERTED DISCIPLINES "SHALL CONSTITUTE INSTRUMENTS COOPERATING (SIC) TOWARD THE OBJECTIVES OF THE GENERAL AGREEMENT ON TARIFF AND TRADE". THIS SECTION IS FURTHER ENLARGED BY AN ARTICLE ENTITLED "COMMITMENTS BETWEEN PARTICIPANTS TO THE AGREEMENT". THIS ARTICLE SETS FORTH AT LENGTH THAT THE RIGHTS AND OBLIGATIONS UNDER GATT ARTICLE XXVIII SHALL BE APPLICABLE MUTATIS MUTANDIS TO CONCERTED DISCIPLINES. THE MEANING OF THIS ARTICLE IS NOT CLEAR BUT IT IS APPARENTLY INTENDED TO COUNTER THE ARGUMENT MADE BY THE US DEL IN THE SUBGROUP THAT CONCERTED DISCIPLINES APPEAR TO BE SELF-CONTAINED AND DO NOT ESTABLISH THE SAME BALANCE OF RIGHTS AND OBLIGATIONS AS TRADITIONAL GATT CONCESSIONS.

7. THE NEW DRAFT CONTAINS ALSO AN ENTIRELY NEW SECTION

ENTITLED "PROTOCOL REGARDING OTHER DAIRY PRODUCTS".
THIS SECTION IS TO TAKE CARE OF COMMITMENTS ENTERED
INTO BETWEEN PARTICIPANTS OF THE PROPOSED ARRANGEMENT
IN RESPECT TO PRODUCTS COVERED BY ARTICLE II OF THE
ARRANGEMENT WHICH ARE NOT WITHIN THE PURVIEW OF THE
THREE PROTOCOLS. THIS PROTOCOL APPLIES APPARENTLY TO
CASEIN BUT MIGHT ALSO HAVE OTHER IMPLICATIONS.

8. IN THE LIGHT OF THE BILATERALS ON DAIRY PRODUCTS
WITH THE EC SCHEDULED FOR APRIL 12 IT MIGHT BE POSSIBLE
TO OBTAIN FURTHER CLARIFICATION OF THE NEW DRAFT.

9. DRAFTED BY KOENIG, MCDONALD

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